



5500 South Quebec Street  
Greenwood Village, CO 80111  
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August 15, 2014

Mr. A. Bruce O'Connor, Treasurer  
Tidewater Utilities, Inc.  
P. O. Box 1500  
Iselin, NJ 08830-0452

RE: Commitment Letter

Dear Mr. O'Connor:

CoBank, ACB ("CoBank") is pleased to issue its commitment (the "Commitment") to provide the following credit facilities to Tidewater Utilities, Inc. (the "Company"):

**Type of Credit Facilities:** A Multiple Advance up to 25 year secured amortizing term loan (the "Facility").

**Amount:** \$15,000,000

**Purpose:** Fund capital expenditures and refinance a portion of the outstanding principal balance of the revolving term loan under the certain Promissory Note and Supplement dated as of March 19, 2009 (the "T6 loan") and amended August 31, 2011.

**Availability:** Up to and including April 30, 2015.

**Interest:** In accordance with one or more of the following interest rate options, as selected by the Company:

**Weekly Quoted Variable Rate Option:** Under this option, balances may be fixed at a rate established by CoBank on the first "Business Day" (to be defined) of each week. The rate established shall be effective until the first Business Day of the next week.

**Quoted Fixed Rate Option:** Under this option, balances of \$100,000 or more may be fixed for periods of six months up to the maturity date of the Facility at rates to be quoted by CoBank in its sole discretion. Fixed rate quotes are provided on a daily basis and are subject to market changes.

**LIBOR Option:** Under this option, rates can be fixed: (1) on three "Banking Days" (to be defined) notice; (2) on balances of \$500,000 or more; (3) for "Interest Periods" (to be defined) of 1, 2, 3, and 6 months; (4) at the "LIBOR Rate" (to be defined)

plus 1.25%; (5) on not more than 5 separate balances (for each Facility); and (6) for Interest Periods expiring on or before the second anniversary of the closing date.

Interest will be calculated on the basis of a year consisting of 360 days and shall be payable monthly in arrears by the 20th day of the following month and on the final maturity date of the Loans.

Notwithstanding the foregoing, during the continuance of a default, interest shall accrue at 4% in excess of the rates that would otherwise be in effect.

**Principal Repayment:**

Principal will be repaid monthly under a mortgage style amortization schedule with payments due on the 20<sup>th</sup> of each month with the first payment due on May 20, 2015.

**Prepayment:**

Prepayment is permitted. Balances bearing interest at the Weekly Quoted Variable Rate Option may be prepaid without premium. Balances bearing interest at the Quoted Fixed Rate Option and LIBOR Option may be prepaid upon payment of a premium equal to the present value of CoBank's "Funding Losses" (to be defined) plus a yield of .50% on a per annum basis for the balance of the fixed rate term.

**Origination Fee:**

20 bps of the Facility amount due upon closing.

**Capitalization:**

The Loans will be capitalized in accordance with CoBank's bylaws and its capital plan. As such it will be eligible for patronage refunds.

**Collateral:**

The Facility will be secured by: (1) a first priority lien on all stock and other equity which the Company may acquire in CoBank; and (2) a first priority lien, on all real and personal property of the Company of every type and description, whether existing on the date of closing or acquired thereafter, and all proceeds thereof. The Company will be obligated to provide, at its expense, title insurance policies insuring the deed of trust or mortgage as a first lien on the Company's real property, subject only to those exceptions approved in writing by CoBank.

**Documentation:**

CoBank's Commitment is subject to the negotiation, execution, delivery, and, where appropriate, recording of loan and loan related documentation (including an amendment to the MLA, and exhibits, opinions, and security documentation) satisfactory to CoBank and its counsel in its or their sole discretion. In addition, all other matters whatsoever relating to

the credit or the closing thereof must be approved by CoBank and its counsel in its or their sole discretion. Without limiting the foregoing, the loan documentation shall include conditions precedent (including, without limitation, a satisfactory amended and restated comfort letter from Middlesex Water Company and evidence of all applicable regulatory and other governmental approvals), representations and warranties, covenants, events of default, remedies upon default, and various miscellaneous provisions.

**Expenses and  
Indemnification:**

By accepting this Commitment, the Company agrees to pay all taxes and expenses incurred by CoBank in connection with the Facilities contemplated hereby, including, without limitation, any documentary stamp, intangible or recording tax or fees, all title insurance costs, and all legal fees and disbursement of CoBank's counsel. Such expenses shall be paid regardless of whether or not the transactions contemplated herein close.

**Assignment:**

The Commitment and the proceeds thereof are not assignable by the Company to any other person or entity without CoBank's prior written consent.

**Due Diligence:**

The Company acknowledges that this Commitment Letter has been issued before CoBank has had an opportunity to complete its business, credit and legal due diligence. The Company agrees that CoBank, in its sole discretion, may determine whether any matters disclosed by its further investigation are of such a nature as to cause CoBank to decline to provide the Facilities, and the Company agrees that any such determination on CoBank's part shall be binding and conclusive on the Company.

**Comfort Letter:**

Company's parent, Middlesex Water Company, will provide a comfort letter in form and substance similar to the existing comfort letter.

**Miscellaneous:**

The provisions of the Commitment cannot be waived or modified unless such waiver or modification is in writing and signed by both the Company and CoBank. The Commitment, including all terms and conditions outlined herein, is for the confidential use of the Company and may not be disclosed by the Company to any third party. This Commitment Letter contains CoBank's entire Commitment for this transaction and supersedes all prior proposals, negotiations, discussions and correspondence between the Company and CoBank, which are deemed to have merged into this Commitment Letter. CoBank

may terminate this Commitment Letter if CoBank believes in good faith that any of the conditions contained herein or to be contained in any of the documentation required hereunder cannot be satisfied or if any information furnished to CoBank by or on behalf of the Company is untrue or misleading in any material respect. This Commitment Letter is not intended for the benefit of, and may not be relied upon by, any third party.

**Expiration of Commitment:** Unless the following are completed to CoBank's satisfaction by the close of business on November 30, 2014, the Commitment shall expire and be of no effect (except as to the nonrefundable fees and as to the Company's obligation to reimburse CoBank for costs and expenses, including the fees of counsel): (1) execution of all documents; and (2) payment of all fees and expenses due on or before closing.

**Acceptance:** The Company must accept this Commitment Letter by executing the enclosed copy of this Commitment Letter and by returning it by not later than the close of business on September 15, 2014, or the Commitment provided herein will expire.

Sincerely,

CoBank, ACB

By: 

Its: Vice President

AGREED AND ACCEPTED THIS 21<sup>ST</sup> DAY OF August, 2014 BY:  
TIDEWATER UTILITIES, INC.

By: 

Its: Treasurer